

§ 1.6655(e)-1

overpayment of estimated income tax for 2009 in the amount of \$20,000.

(ii) On February 16, 2010, the Internal Revenue Service, in response to the application, refunded \$20,000 to X. On March 15, 2010, X filed its 2009 tax return and made a payment in settlement of its total tax liability. Assuming that the addition to tax is computed under section 6621(a)(2) at a rate of 8% per annum for the applicable periods of underpayment, under section 6655(a), X is subject to an addition to tax in the amount of \$197 (90/365 X \$10,000 X 8%) on account of X's December 15, 2009, underpayment. Under section 6655(h), X is subject to an addition to tax in the amount of \$118 (27/365 X \$20,000 X 8%) on account of X's excessive adjustment under section 6425. In determining the amount of the addition to tax under section 6655(a) for failure to pay estimated income tax, the excessive adjustment under section 6425 is not taken into account.

(f) An adjustment is generally to be treated as a reduction of estimated income tax paid as of the date of the adjustment. However, for purposes of §§1.6655-1 through 1.6655-6, the adjustment is to be treated as if not made in determining whether there has been any underpayment of estimated income tax and, if there is an underpayment, the period during which the underpayment existed.

(g) *Effective/applicability date:* This section applies to taxable years beginning after September 6, 2007.

[T.D. 9347, 72 FR 44365, Aug. 7, 2007]

§ 1.6655(e)-1 Time and manner for making election under the Omnibus Budget Reconciliation Act of 1993.

(a) *Description.* Section 6655(e)(2)(C), as added by section 13225 of the Omnibus Budget Reconciliation Act of 1993 (Pub. L. 103-66, 107 Stat. 486), allows a corporate taxpayer to make an annual election to use a different annualization period to determine annualized income for purposes of paying any required installment of estimated income tax for a taxable year beginning after December 31, 1993.

(b) *Time and manner for making the election.* An election under section 6655(e)(2)(C) must be made on or before the date required for the payment of the first required installment for the taxable year. For a calendar or fiscal year corporation, Form 8842, Election to Use Different Annualization Periods for Corporate Estimated Tax, must be

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filed by the 15th day of the 4th month of the taxable year for which the election is to apply. Form 8842 must be filed with the Internal Revenue Service Center where the corporation files its income tax return.

(c) *Revocability of election.* The election described in this section is irrevocable.

(d) *Effective date.* The rules set forth in this section are effective December 12, 1996.

[T.D. 8688, 61 FR 65322, Dec. 12, 1996]

§ 1.6662-0 Table of contents.

This section lists the captions that appear in §§1.6662-1 through 1.6662-7.

§ 1.6662-1 Overview of the accuracy-related penalty.

§ 1.6662-2 Accuracy-related penalty.

- (a) In general.
- (b) Amount of penalty.
 - (1) In general.
 - (2) Increase in penalty for gross valuation misstatement.
- (c) No stacking of accuracy-related penalty components.
- (d) Effective dates.
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 - (2) Returns due after December 31, 1993.
 - (3) Special rules for tax shelter items.
 - (4) Special rule for reasonable basis.
 - (5) Returns filed after December 31, 2002.

§ 1.6662-3 Negligence or disregard of rules or regulations.

- (a) In general.
- (b) Definitions and rules.
 - (1) Negligence.
 - (2) Disregard of rules or regulations.
 - (3) Reasonable basis.
- (c) Exception for adequate disclosure.
 - (1) In general.
 - (2) Method of disclosure.
- (d) Special rules in the case of carrybacks and carryovers.
 - (1) In general.
 - (2) Transition rule for carrybacks to pre-1990 years.
 - (3) Example.

§ 1.6662-4 Substantial understatement of income tax.

- (a) In general.
- (b) Definitions and computational rules.
 - (1) Substantial.
 - (2) Understatement.
 - (3) Amount of the tax required to be shown on the return.
 - (4) Amount of the tax imposed which is shown on the return.
 - (5) Rebate.